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RR RUEHBI RUEHCI
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ZNR UUUUU ZZH
R 120523Z OCT 07
FM AMCONSUL CHENNAI
TO RUEHC/SECSTATE WASHDC 1277
INFO RUEHNE/AMEMBASSY NEW DELHI 2814
RUEHCI/AMCONSUL KOLKATA 0848
RUEHBI/AMCONSUL MUMBAI 5118
RUEHLM/AMEMBASSY COLOMBO 1362
RUEHCG/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

UNCLAS SECTION 01 OF 02 CHENNAI 000629

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E.O. 12958: N/A

TAGS: [PGOV](#) [KDEM](#) [PREL](#) [IN](#)

SUBJECT: PRESIDENTIAL RULE IMPOSED IN KARNATAKA: ADVANTAGE
CONGRESS

REF: A) CHENNAI 620 B) CHENNAI 611

11. (SBU) Summary: President Pratibha Patel imposed direct rule over the southern Indian state of Karnataka on October 9, following the recommendation of the state's governor the day before. The governor submitted his recommendation after the October 8 resignation of the Chief Minister (CM), which followed the collapse of the state's JD(S)-BJP coalition government (refs A and B). The imposition of Presidential rule, which gives Karnataka's Congress-appointed governor the authority to run the state, must receive Lok Sabha approval, which should occur when it convenes in November. Having been handed effective control of the state, Congress will try to use the situation to its advantage as it prepares for state elections in 12008. End summary.

"Suspended animation" occurs not only in science fiction

12. (SBU) President Patel signed an order on October 9 imposing Presidential rule in Karnataka, placing the state's governor, a Congress appointee, effectively in charge following the collapse of the state's JD(S)-BJP coalition government. The order, approved earlier by the Union Cabinet, also reduced the state's legislature to a state of "suspended animation," allowing its members to continue to hold their seats, but preventing it from meeting in session. (Patel also has the legal authority to dissolve the legislature.) A Congress member of Karnataka's legislative assembly told us that these developments have unfolded "as expected."

13. (U) The Lok Sabha must approve the imposition of Presidential rule, which should occur during its next session slated to begin in November. The term of Presidential rule is six months, but the President can extend it, again subject to parliamentary approval. Should the end of the Indian fiscal year (March 31) occur during Presidential rule, the governor will have the authority to draft and pass the state's budget for the following year. The state legislature can call for an end to Presidential rule if a party leader convinces the governor that he or she commands majority support.

Timing is everything

14. (SBU) Our contacts tell us that early elections in Karnataka are likely (they are not required until 2009) and that Congress will try to time them to its advantage. A Bangalore-based journalist told us that an election as early as December could favor the BJP by giving it the opportunity to benefit from voters' sympathy because of its shabby treatment at the hands of its JD(S) coalition partner. He predicted, however, that this sympathy would dissipate by the spring, encouraging Congress to aim for an election around March 12008.

¶5. (SBU) A senior Karnataka bureaucrat told us that the state's Election Commission is currently updating its voter registration system, a process expected to reach completion only in January. He said this would discourage elections from taking place until at least 45 days after the completion of the system, noting that this delay would "suit Congress very well."

Former coalition partners continue to implode

¶6. (SBU) Bitter infighting within both the BJP and JD(S) threatens to hamper both parties' electoral futures. Two prominent BJP members told us that some in the BJP continue to push for compromise with the JD(S), while others are too bitter about the party's treatment to consider another agreement with their former coalition partner. One told us that the BJP's urban, middle-class supporters are "disgusted" by the thought of another compromise with the JD(S) simply to become part of the government again.

¶7. (SBU) Caste politics threatens the cohesion of the JD(S), a party long dominated by the Vokkaliga, who reside mainly in southern Karnataka. Many of the party's Lingayat caste members, who dominate northern Karnataka, criticize the decision to renege on the party's promise to give the position of Chief Minister (CM) to the BJP, whose candidate for the job was a Lingayat. Congress is actively wooing these members to defect to its side, promising that its candidate for CM will be a Lingayat. A JD(S) legislator (neither Lingayat nor Vokkaliga) told us that his party's Lingayat members "do not want to be seen as having stopped a Lingayat from becoming CM."

Might direct rule help infrastructure problems?

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¶8. (SBU) Some in Karnataka hope that Presidential rule might make infrastructure improvements easier to implement. One journalist told us that the governor, unfettered by the political constraints of a typical CM, could choose to implement tough decisions on a variety of infrastructure projects. He said that a tough administrator could have a lasting impact on the state's infrastructure, especially if his tenure lasted a full six months.

Comment

¶9. (SBU) The collapse of the JD(S)-BJP coalition in Karnataka after 20 months has handed effective control of the state to Congress, and we expect Congress to do its utmost to gain as much advantage as possible out of the situation. By placing the state's legislature into "suspended animation" rather than dissolving it, President Patel has put Congress in the best possible position in Karnataka. Dissolving the legislature could have invited legal challenges. Allowing it to exist will serve as a constant reminder that both the BJP and JD(S) failed while providing an opportunity for Congress to woo enough JD(S) defectors to declare a majority.

¶10. (SBU) However this situation plays itself out, we expect it will have little negative impact on U.S. business interests in Bangalore. Should Presidential rule result in speedier implementation of much-needed infrastructure improvements, it might even be helpful.

HOPPER